



City of Santa Barbara
Airport Department

DATE: May 13, 2010

TO: Airport Commission, Lease Review Subcommittee

FROM: Karen Ramsdell, Airport Director

SUBJECT: Lease Agreement – Anne & Donald Cole, dba San Marcos Farms

RECOMMENDATION:

That Commission approve and authorize the Airport Director to execute a month-to-month Lease Agreement with Anne and Donald Cole, a Sole Proprietorship, dba, San Marcos Farms, for 3,200 square feet of Building 116, at 500 David Love Place, at the Santa Barbara Airport, effective June 1, 2010, for a monthly rental of \$1,728, exclusive of utilities.

DISCUSSION:

The subject Premises is located north of Hollister Avenue in an Airport Industrial (AI-1) zone.

Anne and Don Cole have been Airport tenants since August 1995, packaging honey and making beeswax candles in Building 116. Building 116 is a 6,240 square foot structure consisting of four Units. Unit A is leased by Arrow Campershell. Unit B has not been included in leaseable space for several years because of condition issues. Units C, and D, are occupied by San Marcos Farms.

Building 116 has a distinctive structure because of the variance in the roof line. It was originally constructed to house aircraft maintenance. Unit A is one and a half stories high, while Units B, C, and D only reach one story. The building was expected to be demolished when Parcel 22 was developed. Since the expected development of the parcel has not yet taken place, the building has remained.

Unit A has been in continuous use by Arrow Campershell for the storage and installation of camper shells and bed liners for pickup trucks since February 1995. Unit A is in good condition and is leased at market for industrial space at \$1.12 per month. The current range established for industrial properties is between \$.95 and \$2.50 per square foot.

Unit B is in poor condition and has not been included in leasable space for several years.

Units C and D are in below average condition, which is reflected in the below market rental of \$728 per month (\$.76 psf) for Unit C and \$500 (\$.45) for Unit D. The current range for storage properties is between \$.68 and \$1.00 per square foot.

At this time, San Marcos Farms has requested to lease Unit B. The space will be used for storage of empty bee boxes and the tenant is willing to take it "as is".

Airport staff proposes to lease Unit B at the same rate as Unit D, \$.45 per square foot per month. Though the rate is below the approved rate for storage, Airport staff feels that the rate is justified by the poor condition of Units B, C, and D. Should San Marcos Farms vacate the building, it is unlikely that another tenant could be found.

The expenditure required to bring the building up to a state of repair that would justify market rental would not be a prudent investment. The Airport intends to develop Parcel 22 at some future date, and the style and location of the building are not compatible with the AI-2 (service retail) zoning established for Hollister frontage.

The proposed Lease Agreement was negotiated based upon the criteria set forth in Resolution 93-127, and has been reviewed and determined to be exempt from environmental review.

PREPARED BY: Business & Property Division

ATTACHMENT: Map